

Spring 2010 Report: The New Health Care Reform Law

What's In It and When Does It Take Effect?

After decades of attempts by different administrations and Congresses and after a year of legislative effort in the 111th Congress, the president finally signed into law, in late March, an overhaul of the nation's health care system and a new commitment to access to health insurance. The focus under the new law is largely on prevention of illness and protection of Americans' financial sound-footing in the face of health needs.

Health Insurance Lifeline to Uninsured Americans

Recent Census Bureau estimates place the number of uninsured Americans in excess of 45 million. The new health care reform law is meant to change this by offering the following help, initializing at the dates indicated:

June 23, 2010

The new law offers near-immediate help for uninsured Americans with pre-existing conditions through a temporary high-risk pool which will offer insurance to those with such conditions until

the health insurance Exchanges (see information on these in the "2014" section of this article) are operational in about 3½ years.

September 23, 2010

The new law requires that health insurance plans allow young people up to their 26th birthday to remain on their parents' insurance policy, at the parents' choice. This rule applies to young adults not offered their own employer provided coverage.

October 1, 2010

The health care reform package significantly increases funding for Community Health Centers that serve low-income Americans. The increase is designed to allow for nearly a doubling of the number of patients served by these Centers over the next 5 years.

New incentives also begin that are designed to steer more new doctors, nurses and nurse practitioners into primary care, providing more front-line choices for those who need an affordable primary care doctor.

2014

2014 is a major benchmark year under the new health care reform law. At that time, the law stipulates that the private industry work and government management needed to get the new health insurance Exchanges up and running must be completed. Private health insurance offered in the Exchanges is meant to be a substantial improvement over the current system of health insurance coverage in the following ways:

- Individuals and small businesses will be able to compare and purchase health insurance online (among other places) at prices shaped by organized and promoted competition between private insurers offering coverage.
- Individuals will be able to choose amongst several benefits packages that provide comprehensive health care services with different levels of cost-sharing.

Affordability safeguards applying to health insurance options in the Exchanges:

- The new law provides insurance premium tax credits to limit the amount individuals and families up to 400% of the federal poverty level are required to spend on health insurance premiums.
- The law also subsidizes co-pay and patient cost sharing on a sliding scale basis, phasing out at 400% of poverty, to help keep care under the plans in the Exchanges affordable.
- At the same time (i.e. 2014) Medicaid eligibility rises to 133% of the federal poverty level.

Consumer-friendly features of insurance packages offered in the Exchanges:

- Insurers in the Exchanges cannot exclude individuals with pre-existing conditions, nor charge higher premiums for pre-existing conditions, nor exclude coverage for specific conditions.
- There is also a strict ban on higher premiums for women.
- Premiums for older Americans cannot be more than three times higher than a company's offering for its youngest age category.

The New Law also helps Insured Americans (schedule):

September 23, 2010

- All current and new health insurance plans will be prohibited from excluding coverage of pre-existing conditions for children.
- New plans can no longer drop policyholders when they become ill or injured.
- First-dollar coverage of preventive care is mandatory for all new plans offered after this date.
- Lifetime caps on coverage by all plans, existing and new, are banned, and annual limits on coverage are restricted (until 2014, when they are completely prohibited for all plans in the insurance Exchanges).

- All existing plans must adopt a standing appeals process that allows beneficiaries to present evidence in support of their appeals and review their appeals file with their insurer.

January 1, 2011

- Each year after this date, insurance companies will be required to report the percentage of beneficiaries' premiums they spend on items other than health care costs for beneficiaries, including their own administrative costs, marketing and executive compensation. Beneficiaries will receive a rebate if their insurance company's non-medical costs exceed 15% of premium costs for plans in the group insurance market or 20% for plans in the "small group" or individual insurance market.
- The Secretary of Health and Human Services will develop a new, voluntary long-term care insurance program for 55- to 64-year-olds.

2014

- In 2014, the new health insurance Exchanges are scheduled to be ready and open to all. See the "Uninsured Americans" section of this newsletter for more information on plans offered in the Exchanges.

Special Benefits for Seniors

The new health care reform law strengthens Medicare and helps seniors out financially:

Lowers drug costs - In 2010, seniors who fall into the Medicare Part D "donut hole" will receive a \$250 rebate. Beginning January 1, 2011, brand name drugs will be discounted by 50% and discounts will increase to 75% on brand name and generic drugs by 2020, completely eliminating the donut hole.

Free preventive care - Beginning January 1, 2011, preventive care services, including immunizations, mammograms, colonoscopies and annual wellness visits will be offered free of charge for Medicare patients. New private insurance plans face the same rule in 2011, and existing private insurance plans must follow suit by January 1, 2014.

More capacity at Community Health Centers - As mentioned above, the new law expands primary care that will be available at community health centers by investing \$11 billion in those Centers.

Protects the solvency of Medicare - Under former law, the Medicare Trust Fund would have been bankrupt in 2017, but the new health care reform law extends the Fund's solvency by at least nine more years (to 2026).

Selected Elements of the New Law - The Big Picture on Policy

Undocumented immigrants are INELIGIBLE for health care subsidies - The new law specifically states that the only individuals eligible to purchase health insurance from the insurance Exchanges, and thus to be eligible to receive insurance premium tax credits and out-of-pocket cost-sharing subsidies, are those "who are lawfully present in a state in the United States."

Abortions NOT covered by federal funds - While I fully support a woman's right to choose, the new health care law continues long-standing federal policy banning the use of federal funds to pay for abortions, except in cases of rape, incest or to save the life of the mother.

(According to CBO) Deficit NOT increased over the first 20 years - The Congressional Budget Office scored the new law as reducing the deficit by \$143 billion in the first ten years and \$1.2 trillion in the ten after that.

For more information on the new law, visit these government websites:

www.healthreform.gov

www.whitehouse.gov/health-care-meeting/reform-means-you

www.majorityleader.gov/HCRFirstYear

Help for College Students also included in Health Care Reform

Included in the health care reform package was a requirement that all federal college lending after July 1, 2010 be shifted to the Direct Loan Program. The Congressional Budget Office estimates that this change will produce savings of \$61 billion over 10 years. Of that, \$10 billion will go towards deficit reduction, \$9 billion to offset costs of the health insurance overhaul, and

the remaining \$42 billion will be reinvested in our nation's college students in the following ways:

Pell Grants - The maximum annual Pell Grant scholarship increases gradually over the next seven years to at least \$5,975 by 2017 and then by a percentage equal to the Consumer Price Index for the rest of the decade.

Student Loan Repayment - The Income-Based Repayment Program cap for student loan payments for qualifying new borrowers after July 1, 2014 is lowered to 10% of adjusted income from its current level of 15%. The changes also forgive remaining balances after 20 years of repayment, rather than the 25 years currently required.

Minority-Serving Institutions - The new law provides \$2.6 billion through 2019 for programs at Historically Black Colleges and Universities and other minority-serving institutions.

Community Colleges - The new law also provides \$500 million per year for 5 years for career training programs at state community colleges.